



May 25, 2006

TO: Transportation Authority of Marin Commissioners

FROM: Dianne Steinhauser, Executive Director

RE: Proposed TAM FY 2005-06 Mid Year Budget Adjustment, Agenda Item 7B

Dear Commissioners:

Executive Summary

The Fiscal Year 2005-06 Budget was adopted on June 23, 2005. Since that time, actual revenue and expenditure data has been collected and the Board has taken action on several items that impact the budget. The mid-year budget adjustment provides an opportunity to review what actual revenues and expenditures have been over the first 9 months of the fiscal year and to revise projected revenue and expenditure needs through June 30, 2006. The budget adjustment is authorization from the TAM Board to spend up to the new levels portrayed. All proposed revenue and expenditure adjustments are easily managed, and revenues are expected to exceed expenditures for the year.

The mid-year budget adjustment was reviewed by the Executive Committee at their meetings of March 8th and May 10th. No substantial concerns were raised. There was a request for restructuring the attachment, which had been done. The Exec Committee recommends the full TAM Board adopt the revised budget for FY 2005-06.

Recommendation: Acknowledge and approve the revised FY 2005-06 Budget of revenue and expenditure levels for FY 2005-06.

The Fiscal Year 2005-06 Budget was adopted on June 23, 2005. Since that time, actual revenue and expenditure data has been collected and the Board has taken action on several items that impact the budget. The mid-year budget adjustment provides an opportunity to review actual data and to revise projected revenue and expenditure needs through June 30, 2006. The review of actual versus budgeted amounts over the first 9 months is a review exercise, illustrating TAM activity. The adjusted end of fiscal year 2005-06 projections of revenue and expenditures reflect these updates in information as well as refinements of planned activity.

If the TAM Budget had substantial changes in revenue or expenditures that presented an urgent need to adjust the budget in order to be in compliance with applicable rules and regulations, staff would bring those recommended changes to the Board quickly. For this year, however, TAM staff and its consultant team did not see through the course of the year any changes significant enough to warrant urgent action by the Board.

Transportation Authority of Marin

FY 2005-06 Budget vs. Actual & Proposed End FY 2005-06 Revenues and Expenditures

9-May-06

	Object Code	Adopted FY 05-06	YTD Actual at 03/31/06 FY 05-06	% Spent/ Earned at 3/31/06 FY 05-06	Projected end FY 05-06
REVENUE					
Prior Year Carry Forward		75,000	TBD	na	409,692
Cities and Counties	9741	430,000	322,600	75%	430,000
Interest Earned	9201	1,000	23,348	2335%	1,000
STP/CMAQ (MTC)	9475	240,000	195,000	81%	240,000
STIP/PPM (Caltrans)	9475	24,000			24,000
T-PLUS (MTC)	9493	150,000	42,874	29%	150,000
BAAQMD	9423	18,738			18,738
RM-2	9479	200,000			1,045,300
Community Based Transportation	9489	107,400	16,000	15%	60,000
Measure A (net of BOE fees)	9476	19,819,256	15,144,742	76%	19,634,218
Measure A Bond Proceeds	9915	30,000,000	0		0
Line of Credit/Loan	9798	0	0		0
CMP Modeling Fees	9774	0	1,230		1,230
TDA Bike Planning		0	0		38,333
FHWA Earmark		0	0		0
Total Revenue Available		\$51,065,394	\$15,745,794	31%	\$22,052,511
EXPENDITURES					
Administration					
Salaries & Benefits	1001	1,073,758	583,549	54%	1,073,758
Office Lease	2246	79,800	1,760	2%	27,405
Furniture	4985	55,500	0	0%	0
Equipment	4985	24,200	0	0%	14,000
Telephone	2534	8,500	0	0%	8,500
Office Supplies	2133	20,000	14,230	71%	20,000
Insurance	2059	10,000	0	0%	10,000
Audit	2717	20,000	4,599	23%	7,000
Legal	2713	10,000	0	0%	10,000
Accounting/Payroll	2717	20,000	0	0%	20,000
Document Reproduction	2137	20,000	3,211	16%	20,000
Memberships/Subscrip/Publications	2135	5,000	0	0%	5,000
Travel/Training/Meetings	2479	10,000	2,232	22%	10,000
Hwy 101 Gap Debt Capacity Reserve	3301	5,485,000	0	0%	0
County Loan repayment (MCTD)	3301	0	3,500,000	na	3,500,000
County Loan Interest	3302		6,576	na	6,576
BOE Start Up	2533		7,723	na	7,723
Subtotal, Administration		\$6,841,758	\$4,123,879	60%	\$4,739,962

	Object Code	Adopted FY 05-06	YTD Actual at 03/31/06 FY 05-06	% Spent/ Earned at 3/31/06 FY 05-06	Projected end FY 05-06
Professional Services					
CMP	2533	49,000	64,825	132%	64,825
T-PLUS	2533	105,000	33,944	32%	105,000
Consulting Pool/Recruiter	2533	50,000	20,868	42%	100,000
Community Based Transportation	2533	101,400	6,066	6%	54,000
Program Management Oversight	2533	551,200	450,000	82%	551,200
Bike Planning Contract	2533	0	0	0%	40,000
Webcasting Contract	2533	0	0	0%	5,000
Marin Sonoma Narrows Support	2533	0	0	0%	0
Information Technology Consultant	2533	0	0	0%	6,000
Election Cost	2533	0	113,814	na	113,814
Subtotal, Professional Services		\$856,600	\$689,517	80%	\$1,039,839
Measure A Programs					
Reserve	6991	1,981,926	792,037	40%	981,711
Program Management	2325	514,500	341,739	66%	612,000
Strategy 1 - Transit		5,897,000	4,366,602	74%	5,897,000
Strategy 2 - Gap Closure		1,350,000	95,313	7%	1,567,800
Strategy 3 - Streets & Rds		1,506,044	0	0%	0
Strategy 4 - Safe Routes		940,000	218,499	23%	940,000
Subtotal, Measure A Programs		\$12,189,470	\$5,814,190	48%	\$9,998,511
Interagency Agreements					
Larkspur RM-2		0	0	0%	800,000
TFCA		0	0	0%	tbd
Subtotal, Interagency Agmnts		\$0	\$0	0%	\$800,000
Total Expenditures		\$19,887,828	\$10,627,586	53%	\$16,578,312

Staff point out below what the budget contains and does not contain, as well as significant differences noted over the first 6 months and the reasons for them. Revenues are expected to exceed expenditures for the fiscal year

Background - Contents of the Budget

The Fiscal Year 2005-06 Budget was adopted at the June 23, 2005 TAM Board meeting. The budget illustrated known and estimated revenues, as well as estimated expenditures. The TAM Budget contains all funds that TAM comes into contact with, both as the grantor of funds, such as Measure A funds, and the grantee, such as federal funds received from MTC. There are many permutations on the fund sources TAM comes into contact with. In some cases, TAM receives the funds on a reimbursable basis, such as the Regional Measure 2 Toll Funds. There are a number of fund sources that TAM is tasked with developing a program of projects for, but the funds themselves do not flow through TAM. This is true of STIP funds, that are a combination of federal and state funds coming through Caltrans and the CTC, and of TLC/HIP funds, coming through MTC and Caltrans. If TAM happens to be the actual sponsor of one of these projects, such as the recipient of TDA Article 3 funds for the Bike Plan updates, then the funds are in TAM's budget. If TAM does not come into actual contact with the funds, regardless of the source, they are not in TAM's Budget. TAM retains a role as the CMA however, in controlling the destiny of many of these fund sources, whether we come into contact with them or not.

Attachment A shows the proposed mid year budget revision for Fiscal Year 2005-06. Highlights of the proposed changes are described below.

Revenues

- The ***Prior Year Carry Forward*** is significantly higher than budgeted. The carryover was estimated in the spring of 2005 as \$75,000. The actual amount of revenue carried forward from the prior year became available when the books for FY 2004-05 were closed in September 2005. The final amount is \$409,692.
- Pass through funds for ***RM-2*** have been identified and included in the mid-year budget adjustment. These revenues are offset by expenditures directly by TAM staff as well as funds passed through to other agencies in the form of interagency agreements.
- The ***Community Based Transportation*** (CBT) program grant for two CBT plans was budgeted for this year. One of the plans will not substantially begin until FY 2006-07 so the revenue and expenditure are being deferred one year.
- ***TDA Article 3 Bike Planning*** funds and a ***SAFETEA-LU earmark*** for the Marin Sonoma Narrows project became available in FY 2005-06. A small amount of the TDA Article 3 funds will be expended this year for the ongoing Bike Plan updates, \$38,333. None of the federal earmark for the Marin-Sonoma Narrows, envisioned for TAM support of the project's environmental document/ preliminary engineering phase, will be expended this year. Expenses are envisioned for next year.

Measure A Sales Tax revenues are projected to be slightly lower (less than one percent) than forecasted in the budget based on the first six months receipts for the fiscal year. The lower revenue forecast is not expected to impact Measure A allocations to programs and projects in FY 2005-06. The amount budgeted for a Measure A reserve was initially adopted at a higher level than is currently being recommended, 10% versus 5% now. This adjustment absorbs any negative impacts of slightly lower than anticipated sales tax receipts.

Debt Financing

The FY 2005-06 TAM Budget allowed for the issuance of some form of debt financing in the amount of approximately \$30 million as described in the Measure A Expenditure Plan. Given the current status of funding requirements and funding available for the Hwy 101 Gap Closure Project, it appears that debt financing will not be required in FY 2005-06. Funds held for this purpose will be utilized as direct cash expenditures on the Hwy 101 Gap Closure or for the Hwy 101 swap projects. A Financial Advisor will be retained in the next few months to determine the timing and sizing of any debt required for the project. When the cash flow requirements for the project are defined and financing options have been considered, staff will return with a debt financing plan for the Board's approval. Some debt financing may be necessary once bids are opened on the final major construction phase of the project in January 2007. Otherwise, funds are not envisioned as being necessary until Spring of 2008.

Expenditures

- Administrative costs associated with the establishment of an independent TAM office have been adjusted to reflect the deferred purchase of **furniture and equipment** for the authorized staffing, and County transitional staff, until early in FY 2006-07. Office lease expense is lower than originally budgeted as a permanent office space will not come online until very late in the fiscal year, June, at the very earliest.
- The original budget for the development of the **CMP** mis-estimated the amount of carryover from FY 2004-05 to FY 2005-06. The actual expenditures reflect the actual expenditures in FY 2005-06. All expenditures were within the contract amount adopted by the TAM Board to complete the work. All work has been completed as of March 31st 2006.
- The **Line of Credit/Debt Reserve** has been increased to reflect the repayment of a dry period loan of \$3,506,576 for allocations to MCTD and a set aside preserving debt capacity.
- One of the two **Community Based Transportation Plans** being prepared by a consultant will be substantially deferred until FY 2006-07.
- The **Bike Plan Update Contract** approved earlier this year and transferred to TAM from the County for implementation is incorporated into the budget amendment in the amount of \$38,333. Approximately one third of the three year contract amount is expected to be spent this fiscal year.
- A contract for **Information Technology** support services is anticipated to begin this fiscal year. \$6000 is included in the budget adjustment for partial year services.
- The **Election Cost** budgeted for FY 2004-05 was not spent until this fiscal year. The budget is adjusted to include payment of \$113,814 to the County for this service.
- A **Measure A Reserve** equal to 10 percent of sales tax receipts was planned for in the budget. In subsequent discussions of the Strategic Plan with the Executive Committee, staff recommended a reserve of 5 percent. The budget adjustment reduces the reserve to 5 percent of Measure A receipts for the year.
- The **Program Management** element under Measure A has experienced an increase of \$97,500 for additional services provided by the Nolte consultant team, namely, public outreach materials for the Greenbrae Corridor projects, and additional public outreach support on the Hwy 101 Gap Closure bike/ped path and soundwall design. These costs are funded from RM2 (Greenbrae) and from Strategy 2 under the sales tax measure (Hwy 101).
- The direct costs of the Design and Environmental Document for **Strategy 2, the Hwy 101 Gap Closure** have increased by \$105,400. This is due to additional coordination

with Caltrans and SMART on the Hwy 101 Gap Closure soundwall and bike/ped path designs, additional environmental technical studies not originally anticipated, and irrigation and planting design on the west-side soundwall also not originally anticipated. These costs are paid for directly from the sales tax measure under Strategy 2, Hwy 101 Gap Closure.

In Summary

The mid year budget projections indicate that revenue and expenditure changes are easily managed. Most changes have no significant impact on TAM's financial position as they are largely additions of expenditures with corresponding revenues. Preparation of the mid year budget adjustment provides a foundation for developing the Fiscal Year 2006-07 TAM budget. A draft FY 2006-07 budget will be presented to the TAM Board in May 2006.

Recommendation: Acknowledge and approve the revised FY 2005-06 Budget of revenue and expenditure levels for FY 2005-06.

Attachment: Budget vs. Actual YTD, & proposed end FY Revenues and Expenditures